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ABSTRACT

The Secretary of Labor should place emphasis on five issues to ensure safe and healthful workplaces and to promote the welfare of wage earners. First, the Secretary should improve the Occupational Safety and Health Administration's enforcement program. Second, the Secretary should enhance the use of Job Training Partnership Act resources. Third, the Department of Labor should develop a contingency plan to address recessionary problems. Fourth, the department should take action now to assure effective state implementation of the new Economic Dislocation and Worker Adjustment Assistance program. Fifth, the Secreatry should sustain department management improvements. (YLB)

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November 1988

Department of Labor Issues

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of the United States

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The President of the Senate
The Speaker of the House of Representatives
The Secretary-designate of Labor

This report highlights major policy, management, or program issues that need attention by the Secretary of Labor. Some are relatively new, while others represent long-standing and unresolved problems. If these issues are addressed properly, the Secretary will better accomplish the Department's key responsibilities for ensuring safe and healthful workplaces and for promoting the welfare of wage earners, and will improve the overall management of the Department.

Specifically, the issues we believe the Secretary should place the most emphasis on are (1) improving the Occupational Safety and Health Administration's enforcement program, (2) enhancing the use of Job Training Partnership Act resources, (3) developing a strategy to address recessionary problems, (4) implementing the new dislocated worker assistance program, and (5) sustaining Department management improvements. These issues were identified through our general management review of the Department of Labor as well as other work we have done at the Department.

Charles A. Bowsher

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Contents

Letter	1
Improve OSHA's Enforcement Program	4
Better Target Job Training Resources	9
Develop a Contingency Plan to Address Recessionary Problems	14
Assure Effective State Implementation of Dislocated Worker Rapid Response Program	19
Sustain Management Improvements	22
Related GAO Products	26
Transition Series	28

Improve OSHA's Enforcement Program

The Congress created the Occupational Safety and Health Administration (OSHA) to assure Americans a safe and healthful workplace, but this goal is not being achieved in many dangerous industries. Each year, about 10,000 men and women die from work injuries and another 50,000 to 70,000 die from occupational disease. More than 5 million workers are injured each year at work, and 350,000 illnesses are attributed to work-related causes. The economic cost to the nation is in the billions.

The Congress, labor unions, and the public generally believe this national safety record can be improved, and in that context OSHA's credibility continues to be questioned. Decisive action by the Secretary of Labor should help restore confidence in OSHA's programs. Our work suggests several important areas that deserve attention:

- developing a more timely process for issuing safety and health standards,
- ensuring the accuracy of data used for targeting inspections,
- improving the monitoring of state programs, and

- enhancing coordination with other agencies having worker protection responsibilities.

Expedite Standard-Setting

OSHA issues standards to protect workers from safety and health hazards. The standards spell out the conditions, practices, means, methods, operations, and procedures needed for a safe and healthful workplace.

Our 1985 management report on the Department of Labor showed little public confidence in OSHA's standard-setting because the process was so slow. Today, OSHA is issuing a few more standards each year but is taking more time to issue them. As of May 1988, 52 percent of OSHA's unissued standards had been in process for more than 4 years compared with 15 percent in May 1985.

OSHA has attempted to expedite the standard-setting process through innovations such as "mediated rulemaking." In this mediated process, representatives of affected parties attempt to reach consensus on the text of a proposed rule. But this has not quickened the standard-setting process. For example, OSHA began its mediated rulemaking process for the chemical MDA in October 1985 and has yet to issue its final standard. The time for

issuing the MDA standard could possibly be one of OSHA's longest. In essence, the current standard-setting process is cumbersome and slow, yet the number and kind of workplace hazards grow and change rapidly each year. The Secretary needs to evaluate the mediated rulemaking process and other alternatives in a search for ways to speed up its standard-setting process.

Better Data Needed for Targeting Inspections

Inadequate injury and illness data are undermining OSHA's enforcement activities. OSHA uses employer-maintained injury and illness data to target its workplace inspections. Because of inaccuracies in these data, it has little assurance that inspection resources are being targeted to the most hazardous establishments. Our study of this issue and a recent OSHA-Bureau of Labor Statistics study show that there are steps that can improve the accuracy of the data.

The Secretary should implement a quality assurance program to improve the accuracy of employer injury and illness data used to target inspections.

Enhance Monitoring of State Programs

The Occupational Safety and Health Act of 1970 encourages states to develop and operate their own occupational safety and health programs, which 25 states and territories currently do. OSHA is required to assure that state programs are at least as effective as OSHA-administered programs in providing safe and healthful workplaces. However, it has failed to do so.

In April 1988, we testified that OSHA's approach to monitoring and evaluating the states' programs has serious shortcomings. We recommended that OSHA (1) articulate standards for desired state program performance levels and consider providing incentives for states to attain these levels, (2) require states to establish quality assurance programs and periodically review these efforts, and (3) help states evaluate their programs' impact on worker safety and health.

The Secretary needs to assure these changes are made to improve OSHA's monitoring of state enforcement programs.

Strengthen Working Relationships

OSHA has not established effective working relationships with other Labor Department agencies and with other federal agencies that have worker protection responsibilities. OSHA and these other

agencies (1) put little emphasis on referring likely violators to each other and (2) rarely engage in joint enforcement efforts aimed at multiple labor law violators.

For example, within the Department of Labor, although there are reports of a growing number of businesses that regularly violate both wage and safety and health laws, OSHA and Labor's Wage and Hour Division rarely refer potential violators to each other. Also, there is no agreement between the Environmental Protection Agency (EPA), which regulates the cleanup of toxic substances, and OSHA, which protects workers in hazardous areas, providing for EPA to notify OSHA when a chemical spill occurs.

The Secretary should ensure that OSHA better coordinates its enforcement activities with other worker protection agencies.

Better Target Job Training Resources

The Job Training Partnership Act (JTPA) is the nation's premier job training effort. Title II-A of the act is funded at about $1.9 billion a year to serve economically disadvantaged adults and youth who need training to obtain a job. Annually, programs under title II-A serve about 6 percent of those who are both eligible and likely to be in the job market. Title II-A has purposely been organized to encourage maximum flexibility at the local program level. This flexibility has encouraged the design of innovative approaches to meeting the job training needs of individual communities. However, our work leads us to believe that it may now be time for increased federal leadership in making decisions on whom to serve, what mix and intensity of services to provide, and how to deal with potential program abuses. In particular, we believe the Secretary should:

- encourage the local programs to provide more intensive JTPA training to those most in need,
- develop program performance data and evaluate the results of this more targeted approach, and

- ensure that the length of JTPA-funded on-the-job training is commensurate with the skill levels of the jobs being subsidized.

Little Evidence of Targeting to Those Most in Need

For the most part, the law provides only general guidance about who is to be served—namely those who can benefit from and are most in need of training. No regulations or guidance defines this further, essentially leaving it to the states and local programs to decide who gets help.

Some members of Congress and employment and training professionals are concerned about whom the program serves. One point of view is that JTPA's lack of guidance, limited resources, and emphasis on meeting performance standards push local programs to select eligible applicants who need only limited, short-term services and who are likely to be counted as a success. Some argue that this excludes individuals with a need for more intensive, long-term training. Others believe that this selection practice is appropriate and lets the program successfully serve a larger number of individuals at lower cost. Substantive analysis of this issue has been impossible because the data that are collected at the national level on JTPA provide only limited information on who is being served, what services they receive, and what outcomes they attain.

Our analysis of the data we collected on adult participant characteristics, services, and outcomes suggests that program resources could be better targeted to reach those who might obtain the greatest benefit from job training and assistance.

We compared the training experiences of people whose characteristics suggested they were more or they were less ready to enter the labor market successfully and found that JTPA did not target services to any particular group. Essentially, each was served in rough proportion to its existence in the eligible population. Indeed, those who probably need more help to get good jobs tended to receive less intensive training under JTPA and, therefore, receive proportionately less of the JTPA funds.

Based on our analysis, it appears that the program can be effective in preparing adults for moderate and high-skill jobs. Specifically, the majority of those trained for higher skill occupations were placed in higher skill jobs. Similarly, the majority of those trained for moderate and lower skill jobs received such jobs. Most importantly, when those who were less ready to enter the labor market received significant training, they also seemed to get better jobs and higher pay than those who received less

assistance. What we cannot tell based on available information is the extent to which these results may be influenced by local programs selecting candidates for occupational training who, for reasons we could not measure (such as individual motivation), are more likely to be successful.

However, we believe the information is adequate to justify experimentation with greater targeting and increased emphasis on more intensive interventions. We have suggested to the Congress that they may wish to consider whether additional guidance on program targeting and data collection is desirable.

Meanwhile, the Secretary should encourage the use of more intensive program interventions by local service deliverers and evaluate the benefits of more extensive and higher skill training, particularly for those in the greatest need of training. This will require the development of program data on who is being served, what services they receive, and what outcomes they attain.

On-the-Job Training

Over 40 percent of on-the-job training in JTPA is in lower skill occupations, such as custodian, housekeeper, and dishwasher.

While such training may be good for certain individuals, much of it was very likely too long. In fact, we estimate that over half of the on-the-job training contracts in lower skill jobs provide for excessive training periods.

Because JTPA reimburses employers for a portion of the on-the-job training wages, excessive training increases training costs—in essence providing a wage subsidy to employers. Such subsidies may be appropriate for certain difficult-to-place participants, but we found that most of these low-skill positions with long training contracts were filled by participants who are already fairly well prepared for jobs.

The Secretary should take steps to assure that the length of on-the-job training for which JTPA pays is commensurate with the skill level of the job.

Develop a Contingency Plan to Address Recessionary Problems

Although the United States is enjoying its most sustained peace time economic expansion, the potential is ever present for the expansion to end, unemployment to rise, and the nation to enter a recession. The problems facing the federal government during a recession include providing income support to the unemployed and stimulating economic growth. The Department of Labor will have an important role in addressing these problems. How well the Department performs will depend, in part, on how well it has prepared itself for its role.

The Department needs to act now to be prepared for a future recession. Desirable actions include building adequate reserves in the Unemployment Insurance system, developing a strategy to provide direct income assistance to the unemployed, and developing a strategy to assist states in dealing with the increased workload for programs serving unemployed workers.

Build Adequate Unemployment Insurance Reserves

During recessions, the Unemployment Insurance system helps to stabilize the economy by maintaining unemployed workers' purchasing power through temporary and partial replacement of lost income. However, the system's financial condition has been eroded over the past 20 years. Despite the extended economic

expansion, many state trust funds have inadequate reserves and many will likely be unable to pay benefits during a future recession without borrowing billions from the federal government. Repayment of these federal loans will in turn create large financial burdens on states. During past recessions, many states responded with benefit cuts and increased employer taxes. Such responses reduced the program's effectiveness as a source of income support for the unemployed.

Unless steps are taken immediately to make state reserves more adequate, the federal borrowing triggered by the next recession is likely to cause another round of benefit cutbacks among the states, further eroding the adequacy of the Unemployment Insurance program.

To assure that the Unemployment Insurance program continues to be an effective source of assistance to those who have lost their jobs, the Secretary needs to act now to ensure that states build and maintain adequate reserves.

Anti-Recessionary Actions Should Be Quick-Acting and Targeted

If history is any guide, components of an anti-recessionary response would very likely include a jobs program and potentially some form of income replacement assistance provided through Department-

administered programs. The principal objective would be to provide a source of income to unemployed workers. The Department has many options to consider as it evaluates appropriate program strategies, including a public employment program, increased use of on-the-job training in its training programs, enhanced Unemployment Insurance benefits, and providing stipends for JTPA participants. The vivid lessons of the past have shown that, regardless of the option selected, any anti-recessionary program that is to be successful must have certain attributes, including being quick-acting, targeted at those who need it most, and simple to administer.

Jobs programs mean different things to different people, however. To some they mean increased federal spending on public works projects resulting in more private sector employment. To others they mean more public sector employment programs where federal, state, or local governments provide stipends to particular groups or hire workers directly. We studied the federal response to the 1981-82 recession, the Emergency Jobs Appropriations Act of 1983, which was designed to be a quick-acting public works program. Unfortunately, we found that it was neither very quick, nor very effective in creating jobs. About half the program's funds were spent

within 2-1/2 years following the end of the recession, and no more than 35,000 jobs were created at any one time. In addition, much of the impact came much too late to be of value in countering the worst effects of the recession.

In contrast, the experience of the 1970's showed that public service jobs programs can be quick-acting, targeted at the most affected populations, and simple to administer. Such an approach has been shown to be an effective way to provide income assistance to large numbers of unemployed workers. Similarly, providing stipends to participants in JTPA training programs or increasing the use of on-the-job training could potentially provide income assistance quickly to unemployed workers, while utilizing existing delivery mechanisms. Special federally sponsored extended or supplemental Unemployment Insurance benefits also satisfy the criteria for arti-recessionary income assistance.

Some of the institutions and programs used in the past to operate direct public employment programs, however, no longer exist, and other income replacement approaches would require legislative action. Advance planning will be necessary to establish appropriate service delivery mechanisms and program specifications

and to develop legislative proposals. In addition, many of the Department's programs will be substantially impacted during a recession, such as the Unemployment Insurance program, the employment service, and major job training programs. Where necessary, contingency planning should be started with the assistance of the states so that program expansions, especially among programs operated by the states, can be handled smoothly when the need arises.

The Secretary should begin now to explore options for implementing recession assistance to both workers and the states.

Assure Effective State Implementation of Dislocated Worker Rapid Response Program

The 1988 trade act established the Economic Dislocation and Worker Adjustment Assistance program to provide for improved reemployment assistance to dislocated workers. This program builds upon the basic approach originally established under title III of JTPA. The new program places more emphasis on training and early intervention and increases the availability of assistance statewide. However, the design of the new program does not directly address certain factors identified in our evaluations of title III programs as being associated with success. The Department of Labor should take action now to require that states incorporate these factors in their assistance plans.

Factors Associated With Success

Our reviews of JTPA dislocated worker assistance found that the most successful projects had certain similar characteristics. In general, the successful projects dealt with the needs of dislocated workers on an individual basis, tailoring assistance strategies to particular workers based on their own skills and experience, and also took into account local labor market characteristics. In addition, to ensure that retraining was completed, dislocated workers often benefited from persistent encouragement and personal support on the part of project staff. This often included help with solving training and income-related

problems without which workers might drop out of the program.

As states put together their plans for the new dislocated worker assistance program, the Secretary should require that those factors associated with success be included in those plans.

Respond Rapidly to Serve Dislocated Workers

The new dislocated worker program mandates that statewide dislocated worker offices be established that can respond rapidly, on site, to permanent closures and mass layoffs. The state offices are required to work with employers and labor representatives to facilitate worker reemployment assistance. Getting to workers quickly when (and generally before) they become unemployed is key to providing timely and effective reemployment assistance.

Even though enactment of the advance notice requirement calls for employers to provide 60 days' warning of a closure or mass layoff, most dislocated workers will not receive such notice because smaller employers (the majority) and those with partial layoffs are generally not covered, and exclusions for unforeseen business circumstances will exempt others. Finally, 60 days' notice will often be insufficient to develop a worker adjustment strategy

unless prior planning has occurred or an existing program is utilized.

Therefore, to have an effective rapid response capability, states should have a comprehensive and flexible program in hand and ready to administer at any site on short notice. This probably implies pre-arrangement of service delivery contractors who can provide needed training and assistance when limited local infrastructure exists. Experience shows that often a few days is all the time available to get a dislocated worker assistance project in place.

The Secretary should require that states include in their plans explicit strategies for providing rapid reemployment assistance, particularly where advance notification is not provided or is very limited.

Sustain Management Improvements

Because good management is essential for achieving agency missions and goals, GAO has made a series of studies of the basic administrative and management processes of major federal departments and agencies. In October 1985, we reported on management problems at the Department of Labor and made specific recommendations for dealing with them.

The Department has made excellent progress in rectifying these problems; in particular, strengthening Secretarial direction; doing required mine inspections; and improving management of its information resources, work force, and financial operations. But sustaining these efforts and achieving the full benefits of actions taken will require the attention and commitment of the new Secretary and senior Department officials. Also, the new Secretary should focus on establishing a departmental evaluation program.

Maintain Strong Secretarial Leadership

The Secretary's role is critical to effective departmental management. In particular, the Secretary needs to assure that the most pressing issues facing the Department receive sufficient attention, emerging issues are identified and dealt with, and programs are run efficiently and effectively. Our key recommendations dealt with the need for the Secretary to show

strong support for effectively managing the Department by establishing a systematic Department-wide planning process, identifying priorities and measurable goals, and tracking progress systematically.

Secretary Brock generally agreed and acted quickly to implement reforms. In a follow-up assessment of the progress made by the Department, senior management officials believed that Secretary Brock's initiatives had significantly improved management. They hoped that the basic elements of the management system he established, such as secretarial involvement, goal-setting, and monitoring and feedback would remain in place, although they were concerned that they would not survive a change in administration. However, Secretary McLaughlin continued and expanded the management system started by Secretary Brock.

The Secretary should continue to use such a departmental management system.

Continue Development of Department-Wide Accounting System

Without well-managed accounting and internal control systems, the Secretary is vulnerable to accusations of inefficient implementation and management of departmental programs and activities. In our 1985 report we recommended several

ways that Labor could strengthen its management and control over financial resources.

Many of the problems we identified have been corrected. Major financial reporting and other improvements, however, depend on the successful implementation of the ongoing Department-wide accounting system modernization program.

The Secretary should give high priority and allocate sufficient resources to completing the development of the central accounting system.

Enhancing Evaluation Activities

Because there is no comprehensive evaluation program at the secretarial level and few component agencies do systematic evaluations, the Department does not generally have evidence on whether its programs achieve their programmatic objectives. Perhaps the best example is OSHA, where our recent work showed significant shortcomings in OSHA's program for evaluating state-administered occupational safety and health programs. OSHA lacked information on how the states assure program quality and on the impact of state programs on worker safety and health. In fact, OSHA generally does little evaluation of federal compliance enforcement or other aspects of its programs.

Evaluation can be a valuable management tool for making informed policy decisions, supporting the need for legislative changes, and controlling operations, as well as assisting in planning and budgeting.

The Secretary should establish a departmental evaluation program to assess the effectiveness of major programs so that policy and operational changes can be made when and where they are necessary.

Related GAO Products

Strong Leadership Needed to Improve Management at the Department of Labor (GAO/HRD-86-12, Oct. 21, 1985).

Department of Labor: Assessment of Management Improvement Efforts (GAO/HRD-87-27, Dec. 31, 1986).

Summer Youth Jobs Program: Congressional Action Has Increased Emphasis on Remedial Education (GAO/HRD-88-118, Sept. 30, 1988).

Job Training Partnership Act: Participants, Services, and Outcomes (GAO/T-HRD-88-31, Sept. 29, 1988).

Unemployment Insurance: Trust Fund Reserves Inadequate (GAO/HRD-88-55, Sept. 26, 1988).

"Sweatshops" in the U.S.: Opinions on Their Extent and Possible Enforcement Options (GAO/HRD-88-130BR, Aug. 30, 1988).

OSHA's Monitoring and Evaluation of State Programs (GAO/T-HRD-88-13, Apr. 20, 1988).

Plant Closings: Limited Advance Notice and Assistance Provided Dislocated Workers (GAO/HRD-87-105, July 17, 1987).

Job Training Partnership Act: Summer Youth Programs Increase Emphasis on Education (GAO/HRD-87-101BR, June 30, 1987).

Dislocated Workers: Exemplary Local Projects Under the Job Training Partnership Act (GAO/HRD-87-70BR, Apr. 8, 1987).

Dislocated Workers: Local Programs and Outcomes Under the Job Training Partnership Act (GAO/HRD-87-41, Mar. 5, 1987).

Emergency Jobs Act of 1983: Funds Spent Slowly, Few Jobs Created (GAO/HRD-87-1, Dec. 31, 1986).

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